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inaugurate a modified *Giro-Verkehr* system, restricted at first to transfer among the banks themselves.

Professor Sprague's point of view is, at the same time, eclectic and conservative. He sees a modicum of advantage in each of the suggestions that have been advanced for reform of the national banking system, yet he is suspicious of any radical change. He admits that the system is seriously handicapped by the absence of branch banks, yet branch banking has no part in his proposals. "We seem to have made a sort of fetish of the legal percentage of reserve. . . ," but he considers a legal percentage necessary. Rather than incur any risk from the adoption of a radical reform, the author prefers to add more patches to the proposed system. Although his readers may differ as to the effectiveness of his prescriptions, they must agree that Professor Sprague has made a most suggestive diagnosis of the weaknesses of the national banking system.

S. ROY WEAVER

THE UNIVERSITY OF CHICAGO

Corporation Finance. By EDWARD S. MEADE. New York: D. Appleton & Co., 1910. 8vo, pp. x+468.

In his *Corporation Finance* the author of *Trust Finance* has added to his reputation for wide and intimate knowledge of the internal workings of the modern business corporation. Portions of the former work have been reprinted here, but the new book is much more comprehensive in scope. Dealing as it does with problems which confront the manager of a small company as well as the officers of the great trusts, it is a book of greater usefulness.

The method employed is that of suggestion with reliance upon numerous illustrations rather than the dogmatic statement of rules and principles. The information set forth is equally valuable to the investor and the company official, since the dangers of ignorance and carelessness in financial management are significant for both. An interesting passage on the ethics of margin speculation and the psychological element which distinguishes this from the cruder forms of gambling follows (p. 152): "It is so much like 'business,' so much apparently depends on the judgment of the buyer and so little on the turn of the wheel or the chance of the draw. The speculator's pulses quicken and slow with the good or bad fortune of the nation. He is interested in the crops, in the railroad earnings, in national elections, and in foreign wars. His profits depend apparently upon his own judgment. He is as confident of winning as the gambler with a 'system' is confident of breaking the bank. Moreover, speculation is respectable. It is not by all persons considered reputable to play the races; but it is not often that one loses caste by playing the stock market. Every class of the population is represented among the margin speculators. Business men and professional men are found in the better offices; clerks, teachers, ministers, and women frequent the intermediate grades and the bucket shops."

Corporation Finance is designed for a college textbook. The author, therefore, is addressing a scientific clientèle rather than stockholders or officials. Moreover, he is endeavoring to organize and classify material in a comparatively

new field of formal study, for he breaks away from the ultra-legal point of view that has characterized most of his predecessors. He is destined to meet that abundance of criticism which falls to the lot of the pioneer. Doubtless he is entitled to some charity on this ground. However, in at least two respects the work is not well adapted to its purpose as a textbook. This is the more to be regretted since the defects are wholly due to a want of care in its preparation.

The first defect is imperfect organization. The material is there, but it is not assorted. One does not always find a close connection between the chapter headings and the text below. Besides this it is hard to account for the sequence of the chapters. We have "Promotion" at the beginning and "Reorganization" at the end, as we should expect to have, but the arrangement of the rest of the thirty-three chapters is much like that of a shuffled deck. Chap. viii is entitled "The Issue of Stock"; chap. xxi bears the same title; chap. v is on "The Issuing of Securities," while chap. xxiii is labeled "The Issue of Evidences of Debt." Chap. x is on "The Sale of Securities" and chap. xxii deals with "The Sale of Preferred Stock."

The second defect is inaccuracy of statement and inconsistency in the use of terms. We are told (p. 84) that "sinking funds are needful when bonds are issued by companies whose business is not plainly of an enduring character. Railroad bonds carry no sinking funds." But on p. 86, "Some of the Burlington sinking-fund mortgages contain this provision," etc. On p. 89, regarding serial bonds, that is, bonds maturing at successive dates, we read: "This plan has been followed . . . because they have been able to employ the method of *issuing bonds in series*," etc., and again, ". . . they not only exist upon the *serial plan of issue*," etc. It is necessary for the argument that these terms, which are here italicized, apply to maturities, but no one could tell without a most careful consideration of the context that the bonds under discussion were to be redeemed on successive dates rather than issued on successive dates.

Again many readers would object to the use made of the terms "public corporation" and "private corporation" (p. 169). The former expression the author applies to companies whose stock is actively bought and sold, while the latter he applies to a company whose stock is closely held. While there may be precedent for this in the popular financial writing of the day—just as there is precedent for "intrinsic value"—one is hardly justified, without due apology or defense, in giving a new meaning to words which have had a definite technical connotation from time immemorial.

In one who has written as much as Professor Meade it is impossible to overlook such expressions as (p. 240), "The second method of distributing a surplus directly to the stockholders is when a company may have acquired in the course of its business certain assets with which it can readily dispense."

If the so-called practical phases of economic training are to hold the place in the college curriculum to which some of us consider them entitled, a decent respect to the opinions of mankind requires that such *prima facie* evidence of merit as a clear and logical statement be not wanting. Without this we shall hardly make much headway, however valuable may be the information we offer.

MURRAY S. WILDMAN

EVANSTON, ILL.